

Minneapolis Community Development Agency

Request for City Council Action

Date: September 19, 2002

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee
Refer to: MCDA Board of Commissioners

Prepared by: Iric Nathanson phone 612-673-5183

Approved by Chuck Lutz, MCDA Interim Executive Director _____

Subject: YWCA Childcare Center at Abbott Northwestern Hospital

Previous Directives: April 1999 MCDA Board action authorizing planning and development process for the childcare center. May 1999 Council action to appropriate \$788,500 for the center.

Ward: Eighth

Neighborhood Group Notification: consultations with Phillips West and Midtown Phillips

Consistency with *Building a City That Works*: Goal 3: Support strong and diverse neighborhoods where people choose to live

Comprehensive Plan Compliance: in compliance

Zoning Code Compliance: in compliance

Impact on MCDA Budget: (Check those that apply)

- ☐ No financial impact
- ☒ Action requires an appropriation increase to the MCDA Budget
- ☒ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

Living Wage / Business Subsidy: Not applicable

Job Linkage: Not applicable

Affirmative Action Compliance: In compliance

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RECOMMENDATION:

City Council Recommendation: The Interim Executive Director recommends that the City Council:

Approve an agreement between the Minneapolis Empowerment Zone and the Minneapolis Community Development Agency to allocate \$1 million in federal Empowerment Zone funds for the development of the YWCA Child care Center at Abbott Northwestern Hospital.

Amend the 2002 Appropriation Resolution for the MCDA to increase an appropriation in Fund FEZ (Federal Empowerment Zone) by \$211,500 and increase the revenue budget (3820- Transfer from Special Revenue) in Fund FEZ by \$211,500.

MCDA Board Recommendation:

Authorize an agreement between the MCDA and Abbott Northwestern Hospital to develop the childcare center

Background/Supporting Information

This project represents a partnership between the MCDA, the Minneapolis Empowerment Zone, the YWCA of Minneapolis and the Development Corporation for Children, and Abbott Northwestern Hospital. These five partners are developing a unique multi-cultural childcare center that will serve 130 children. The center, to be located on the Abbott Northwestern campus, will provide a new model of childcare that can meet the needs of new arrivals and other local communities.

The YWCA will operate the center and assist family childcare providers to organize culturally-specific childcare programs in designated classrooms within the childcare facility. Using business incubator techniques, the center will help providers more fully develop their management and organizational skills so they can achieve independence and self-sufficiency. The project will serve families living in adjacent southside neighborhoods as well as those with employment ties to Abbott Northwestern Hospital.

The center will be housed in a facility that will link the renovation of the Abbott's Wasie Center to a new addition to be built adjacent to the Center.

Abbott Northwestern Hospital will own the new and renovated portions of the facility. The YWCA will hold a 15-year lease with Abbott, although Abbott will not charge the YWCA for use of the facility. This rent-free feature will substantially reduce operating costs for the project.

The business-incubator approach to the childcare was a key element in Minneapolis' Empowerment Zone application to the U.S. Department of Housing and Urban Development. The innovative approach of this new child care model helped the city win HUD approval for its EZ application.

The Empowerment Zone Governance Board has approved EZ allocations totaling \$1 million the YWCA Child Care Center at Abbott Northwestern. This public funding will be matched by \$1.5 million in private funds.

Abbott Northwestern Hospital has committed \$750,000 for the project and has agreed to raise an additional \$250,000. The McKnight Foundation has committed \$200,000 and the Phillips Family Foundation has committed \$50,000. The New Jersey-based For All Kids Foundation is expected to provide \$250,000. Total development costs are estimated at \$2.5 million.

In May, 1999, the City Council appropriated an initial \$788,500 for the project. Council action is needed at this time to appropriate an additional \$211,500.

Staff is requesting authorization to implement an agreement between the City of Minneapolis and the MCDA to allocate \$1 million in Empowerment Zone funds for the YWCA Child Care Center at Abbott Northwestern. Staff is also seeking approval to initiate an MCDA grant agreement with Abbott Northwestern Hospital to fund the project.

<u>Sources</u>		<u>Uses</u>
Empowerment Zone	\$1,000,000	Childcare center development
Abbott Northwestern		
Committed	\$ 750,000	
To be raised	\$ 250,000	
McKnight Foundation	\$ 200,000	
Phillips Foundation	\$ 50,000	
(In process)	<u>\$ 250,000</u>	
Total	\$2,500,000	Total \$2,500,000